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Santa Rosa Home to Newest California Welcome Center



Jennifer Carusa

While discovering the many hidden treasures along Highway 101 in Sonoma County, or exploring the wine country, visitors now have access to a valuable source of visitor information and services at the State's newest official California Welcome Center (CWC) in Santa Rosa.

The new center, which opened July 1, is conveniently located just off Highway 101 in the Railroad Square Historical District and is housed in a beautifully restored 1904 train depot.

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To "D" Or Not To "D"

By Peter C. Yesawich, Ph.D.
Managing Partner, Yesawich, Pepperdine, Brown & Russell



With the war in Iraq now over, a recent spike in consumer confidence, and a welcomed decline in the price of oil, one would presume there are better days ahead for the lodging industry. Thankfully, this is probably true. But, the promise of prosperity remains elusive in the near term because of the languishing economy and its impact on buyer behavior.

Among the 27 percent of leisure travelers who stated they were planning to spend more vacation time at home this year (from our 2003 National Leisure Travel Monitor) "the economy" or "personal financial conditions" were cited by almost half as the reason why. As most

Americans are painfully aware, the economy has yet to recover from the lethargy that set in during the fourth quarter of 2000. Unemployment still hovers around six percent, and over 2,000,000 jobs have evaporated since George Bush arrived in Washington. Consumer sentiment took another hit during the first quarter of this

year with the revelation that growth in personal income turned negative for the first time in over a decade.

The convergence of these forces has resulted in the reemergence of a consumer psychology that first appeared in the aftermath of the Gulf War during the mid 1990s: a conviction not to overpay. "Downward nobility" reigned as consumers declared open season on travel deals and shopped aggressively to insure they got their fair share. Well, it appears that history has repeated itself, and consumers today embrace a similar mindset. Value reigns as king once

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By Caroline Beteta,
Executive Director
*California Travel and
Tourism Commission*

Where California Tourism Stands with the New Budget

California Tourism's 2003-2004 Budget

The California Legislature passed the new 2003-2004 budget on July 29, with the Governor subsequently signing the budget to make it official. As part of the budget package, there were no public funds allocated to tourism marketing – a departure from the approximately \$7.3 million that had been allocated to the Division of Tourism in recent years. Thus, the California Travel and Tourism Commission (CTTC) will continue the marketing and promotion for California tourism – operating at a base level of approximately \$7 million coming from assessed business revenues, and executing on a marketing plan that was passed on June 11 by the Commission to provision for the possibility that the Division of Tourism would receive no marketing funds for the upcoming fiscal year.

Within this new state budget, the California Technology, Trade and Commerce Agency was eliminated as well. The Division of Tourism's Assessment Program Operations will still exist and will be moved to the Business Transportation & Housing (BT&H) Agency. Funding for staffing and operating expenses to collect industry assessments (\$929,000 total) will be provided by the CTTC. These administrative changes will become effective on January 1, 2004. On that date, the Secretary of BT&H will become the new Chair of the Commission. Details of this transition will be worked out over the next five months.

2003-2004 California Tourism Marketing Plan

As stated above, a 2003-2004 Marketing Plan was prepared with a total budget of approximately \$7 million, including \$6.2 million

in assessed business funds and approximately \$800,000 in carry-over funding from the prior year. While this \$7 million marketing plan preserves most components of the program, the elimination of state funding has resulted in significant reductions to the 2004 advertising campaign detailed on page 4. Beyond advertising, the new program retains an inclusive marketing plan, including cooperative programs and opportunities in which the industry can get involved (see Co-op Corner on page 5).

Key components of the 2003-2004 Marketing Plan (some portions representing reduced funding levels from prior years) include the following: a continuing presence of overseas travel trade development offices in the UK, Germany, Japan, Brazil and Australia, and PR

offices in the UK, Germany and Japan; a continuation of the core www.visitcalifornia.com Web site and visitor publications; the new hiring of Edelman Public Relations, the world's largest PR agency, with local offices in Sacramento; a continuation of a variety of cooperative marketing programs, including Shop California, Dine California, Culture California, California Golf, California Incentive/Meetings, and California Outdoor Recreation; an increase in sponsorship and participation at the 2004 Discover America Pow Wow being held in Los Angeles; and the rural tourism cooperative grant funding program.

Details of the marketing programs listed above can be found within this publication. You should know that in light of the reduced funding for California Tourism, the entire marketing plan has been reviewed and modified tirelessly – by staff, as well as by the Marketing Advisory Committee, the Commission, and a variety of cooperative program leaders – to maximize resources and successful programs, and to continue to develop unique components that will expand California's impact in the travel marketplace. As always, our goal continues to be to maintain California tourism's share of voice amongst competitive destinations with much larger budgets – and ultimately, to maintain and increase market share to benefit the California travel industry.

With the passage of the new state budget and reduction to California Tourism's overall marketing budget, it is more critical than ever that we continue to work together as a united and powerful industry – and make every dollar count! ★

CTTC Regional Marketing Representatives

CTTC regional marketing representatives continually meet with tourism-related businesses and colleagues throughout the state to spread the word about the extensive California Tourism marketing and cooperative programs available.

All Regions

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Desert

Sue Coyle
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Kathy Anderson
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Note: These designations are for outreach purposes to the assessed business community, and do not replace the established 12 California Tourism regions used for most marketing purposes.

Northern California by RV

Two RVs, compliments of Cruise America, were the chosen mode of transportation for journalists from the United Kingdom and Ireland traveling throughout northern California last May. Organized by First Public Relations, California Tourism's public relations representative in London, the press trip featured stops in San Francisco, Amador County, Woodland, Willows, Shasta County, Siskiyou County, and Sacramento. Activities included a gold mine tour, birding, horseback riding, historic dinner train excursion, hiking, whitewater rafting, and houseboating. Participating in the seven-day press trip were journalists on assignment with the *Daily Mirror*, *The Scotsman*, *Glasgow Herald*, *Metro UK*, and *Irish Independent*, daily newspapers with a combined circulation of 3.4 million. ★



Phil Bloomfield

UK and Ireland journalists hit the road to experience California's hidden treasures. Saying goodbye to the Gold Country before they embark on their epic road tour of Northern California's Shasta Cascade in May are (left to right): Rob Corbidge, The Scotsman; Mary Downes, Irish Independent; Mandy Appleyard, Glasgow Herald; Mags King, Metro UK; Jon Clements, The Mirror; and Chuck Hayes, owner of the Far Horizons 49er RV Resort.

Departures at Division of Tourism and New Roles with CTTC

With the recent budget cuts and the elimination of funding for the Division of Tourism (DOT), staff changes have continued. June 23 marked the separation date for an additional seven Division of Tourism employees.

Leading the departures was Fred Sater, Director of Communications, and a veteran of 22 years with the DOT. Sater has started a public relations practice in Sacramento and will be specializing in tourism accounts.

In her 13 years with the office, Barbara Steinberg rose through the ranks from receptionist to Publications Program Manager, a role she will continue in her new position with the California Travel and Tourism Commission (CTTC).

Terry Selk started climbing the Tourism ladder as a student intern in 1992 and learned the travel trade ropes, which prepared him for his position as Director, Travel Trade Development. Terry has transferred to the CTTC where he will continue to

direct travel trade efforts domestically and internationally.

Chief of Operations Rita Adair's three years with the DOT was preceded by 10 years of State experience in human resources, economic development and the California Film Commission. She will assist the CTTC with the Assessment Program operations.

The private sector has beckoned Glenda Taylor, whom is beginning a new tourism venture, and will continue organizing the CTTC portion of the California/Las Vegas/Arizona promotion in Mexico. Glenda leaves with 11 years of service to the Tourism program.

A student internship in the Media Relations Program marked Tiffany McKenzie's start with the DOT in 1993, and she has been involved with Travel Trade Development since 1996. The CTTC will benefit from McKenzie's travel trade experience as she now assists with cooperative marketing initiatives. ★

Referendum for New Commissioners

Soon assessed businesses will have an opportunity to vote for a new slate of candidates to serve on the California Travel and Tourism Commission (CTTC). Nominations are being solicited now, and businesses must establish assessment paid status to be eligible to vote in the referendum. Ballots will be mailed to qualified voters in December 2003. The referendum is for the election of Commissioners only, and not to decide if the Tourism Marketing Assessment Program should continue. For more information, contact the CTTC at (916) 444-4429.



The summer travel season is here, and activity levels on the California Tourism Web site (www.visitcalifornia.com) are increasing. For the seventh consecutive year, May was a record-breaking month on California Tourism's Web site with more than six million hits ***. During March, April and May, the site hosted a total of 901,070 visitor sessions*, reflecting an impressive increase of 40 percent compared to the same months last year.

Following are highlights for the period including March through May 2003:

- * *May I Have Another?:* During the month of May, the Web site experienced upwards of 110,000 unique visitors**. That is over 15,000 more visits than in May 2002!
- * *Third Time's a Charm:* The third longest length of time spent on the Web site is over 19 minutes, while the first and second are approximately 1 to 2 minutes.
- * *Success Story:* The average amount of successful hits to the Web site over the last three months was above 95 percent. The Web site receives more than 5.5 million hits per month.
- * *California Cuisine:* Activity on the California Tourism Web site peaks during the lunch hour from 12 p.m. to 1 p.m. daily. Get back to work!

* A **visitor session** is the number of distinct people who visit the site. This is estimated by grouping together all hits from one Internet provider address, with no more than 30 minutes between each hit, into one user session.

** **Unique visitors** are counted by using the visitor's IP address, domain name or cookie.

*** When a Web page is visited, a **hit** represents the number of individual requests a server receives to render the page viewable. Each image on a page counts as one request, and each page may contain numerous images. A visit to a Web page with three images will count as four hits – one for the download of the page file, and three hits for the images.

News from the California Travel and Tourism Commission

June 2003 Marketing Committee and Commission Meetings

The Marketing Committee gathered in San Diego on June 10 for a full-day meeting. On June 11, the California Travel and Tourism Commission (CTTC) Executive Committee met, followed by an all-day meeting of the Commission. In addition to the "Update on the State Budget" and "2003-2004 Revised Marketing Plan" sections in the CTTC Executive Director's column (see page 2), following are key highlights of these meetings:

• 2003 Spring Advertising

Campaign: It was reported that due to the onset of the war, the "Doug" television ad was pulled off the air on March 23 after a three-week run. Because the environment had changed so drastically, revisions were made to previously shot footage of "We're Californians," and a new spot, "Welcome to California," began airing the end of April. Featuring celebrities such as Clint Eastwood, Wolfgang Puck, Michael Eisner and Jack Nicholson, "Welcome to California" will run through the end of June.

• 2004 Advertising Campaign:

Pending the final budget outcome, the ad agency, Mering & Associates, presented the proposed media plan that includes spot TV (key target markets of Denver, Las Vegas, Phoenix, Portland, Salt Lake City and Seattle), national magazines, co-op inserts in national magazines, and internet advertising. While brand ads will continue to run throughout the campaign, this year an aggressive effort will be made to co-op in target markets with appropriate partners, such as Southwest Airlines, to push a retail/product message. This integrated co-op effort will also include California travel industry partners. The main focus of the campaign will still be in the western U.S. with spot TV, but a national presence will be achieved through national magazines to help increase market share. Should additional advertising funds become available, it was recommended that national

cable would be a great opportunity. The Advertising/Co-op Committee made it a priority for 2004 to keep production costs down and put funding into media. Thus, the "Welcome to California" television spot will be used and edited when necessary for retail offers or partners. As well, the "icon" print campaign will continue, along with the creation of a few new executions, and many of the print ads will incorporate co-op partners.*

• Update on The California Channel/Interactive TV and "The Best of California" Program:

It was announced that the 2003 "The Best of California" (TBOC) series is finishing a 13-week run, and bonus segments will run through September. As soon as numbers become available (Nielson ratings, household viewership, TBOC web site numbers, etc.), a full analysis will be prepared and used to determine if the series and any ITV development should proceed.

• New Public Relations Firm:

Edelman Public Relations was announced as CTTC's new PR firm after an official RFP process. As the new PR agency starting July 1, Edelman will be able to draw upon their vast resources as the world's largest PR agency, and will operate many activities from their local Sacramento office.

• Communications and Industry Outreach:

• **CTTC Newsletter:** The CTTC newsletter, created to keep all state tourism-related businesses informed about California Tourism's current marketing programs and opportunities to get involved, continues to be distributed on a bi-monthly basis.

• **Outreach:** A team of field representatives continues to meet one-on-one with tourism businesses statewide to provide information on California Tourism's marketing programs and cooperative opportunities. From January through April 2003, CTTC Regional Marketing Representatives met with over 1,200 businesses and travel colleagues throughout the state.

• Other Marketing Activities/Co-op Activities:

• Publications and Fulfillment

Program: In recent months, all components of the visitor fulfillment program have been reviewed and analyzed in an effort to reduce costs. Changes to the distribution and shipping methods will be made in order to realize these cost savings.

• Co-op Marketing Activities:

Updates were provided on the following programs: Shop California, Dine California, Culture California, California Golf, California Outdoor Recreation and California Incentive/Meetings. Details on each program can be found on California Tourism's Web site www.visitcalifornia.com.

• Rural Marketing/California

Countryside Program: The Rural Tourism Marketing Program is being elevated to co-op status, which means that additional opportunities within California Tourism's marketing program will be available, including trade shows participation, increased exposure on the Web site and exposure through the media relations program (press releases, press trips, etc.).

• Review of Financial and

Marketing Activity Reports: The Commission reviewed regular reports including: monthly financial statements, an update on assessment funds collected, and interim activity reports from California Tourism staff.

Marketing and Commission Meetings

The next meetings will take place in North Lake Tahoe at the Resort at Squaw Creek on the following dates: Marketing Committee and Assessed Business Reception on October 29, CTTC Executive Committee and full Commission on October 30, 2003.

** The proposed 2004 advertising plan was suspended due to the budget outcome. Please refer to the Director's Column on page 2 for the marketing plan update.*

Co-Op Corner

Assessment Revenues

As of the end of May 2003, the 2002-2003 Assessment Program generated revenues of \$6.2 million. Distribution by industry segment remains consistent with prior years, with approximately 60 percent attributable to accommodations, 15 percent to restaurants and retail, 15 percent to transportation and travel services, and 10 percent to attractions and recreation. The Assessment Program expects revenues for the 2002-2003 year to reach \$6.4 million.

CTTC Educational Presentations

Since the last *Insights* issue, CTTC staff delivered educational presentations at the following events and conferences: California Hotel & Lodging Association Legislative Day, Carlsbad Hotel Association Luncheon, Palm Springs Hotel & Hospitality Association Luncheon, Hilton Costa Mesa Grand Opening Event, American Asian Hotel Operators Association National Conference, San Diego Hotel & Motel Association Luncheon, Mission Valley Tourism Council Luncheon, San Diego Hotel & Motel Association Luncheon, Beverly Hills Economic Conference, Redding National Tourism Week Conference, Sacramento Hotel Association Luncheon, San Diego Assessed Business Reception, and to a variety of convention and visitors bureaus (CVBs) and their members across the state. Presentation topics included: the economic impact of tourism; an update on the budget situation; a highlight of 2003-2004 marketing programs, with emphasis on the advertising campaign, the "Best of California" television series; urban and rural tourism promotion; and cooperative opportunities to partner with California Tourism.

CTTC educational presentations, in partnership with tourism-related associations and CVBs across the state, are conducted on an ongoing basis. To discover how to arrange a presentation for your area or organization, or to receive more information about CTTC marketing programs, please contact Lisa Kruttschnitt at (415) 332-4450 or llkruttschnitt@cttc1.com. ★

The California Shopping Bag Just Got Bigger

CTTC's retail organization has expanded its reach to the travel trade and is making it easier for all travelers to shop California! In its partnership with North American Journeys (NAJ), Shop California has developed a value-added program that allows travel organizations to download a voucher from the Internet to receive savings and incentives at participating locations. The voucher can be downloaded from the Shop California Web page www.shopcalifornia.org or through NAJ at www.visitnaj.com. Organizations can also view a shopping itinerary developed by Shop California to generate ideas for future travelers.

Coming soon, Shop California will launch a newly-designed Web site allowing consumers and members alike to more easily navigate through and locate California's premium shopping destinations. Destinations include world-class shopping centers, name-brand boutiques, outlet malls, outdoor marketplaces, specialty shops and more. With retailers offering everything from the hippest high fashion to handcrafted one-of-a-kind pieces, California shoppers are sure to find all they're seeking.

For more information, please contact Susan Wilcox at (916) 444-0430 or swilcox@cttc1.com. ★

California Golf

California Tourism's golf marketing campaign went into "full swing" with the release of the first official *California Golf Guide* in February and launch of a companion Web site, www.californiagolf.com, in April. Both sources profile approximately 625 daily-fee courses throughout the state. A partnership with the California Golf Course Owners Association provides a valuable resource and direction for the program.



Praised by many in the golf world, the *California Golf Guide* is a first-time endeavor for California Tourism. Ways to improve and expand the 2004 guide are already being discussed. With a circulation of 60,000 copies, the guide has been distributed around the world through United Airlines' Red Carpet Club, at California Welcome

Centers, travel industry trade shows, selected GolfMart outlets, and through general fulfillment.

The Web site continues to expand with the development of a hotel/golf-packaging component. The site includes profiles of daily-fee courses throughout the state, tee-time booking capability, vacation rentals, current stories regarding the state's "10 Great Golf Destinations," and more. In June, the site received nearly 916,000 hits and more than 14,000 unique users, the highest totals since going live in February. The Web site has a linked banner on www.visitcalifornia.com.

A California Golf Marketing Council comprised of golf destination representatives, golf tour operators, media professionals, course directors, golf association managers, and corporate golf executives oversees the continued growth of the California Golf program. Currently in development is a 13-episode "Best of California Golf TV Series" to be broadcast on selected stations worldwide and United Airlines in-flight programming beginning in December 2003.

Partnership opportunities for courses, destinations, hotels, equipment manufacturers, and operators are available for all of the marketing components.

For more information, please contact Terry Selk at (916) 322-0971 or tselk@cttc1.com. ★

African American Heritage on Tap for 2003/2004

California Tourism's cultural program, Culture California, recently launched the 2003 cultural spotlight on African American Heritage. This year's theme focuses on the African American culture and the diverse array of cultural activities and events that represent this heritage. The California Cultural Tourism Coalition (CCTC) has created this year's program to easily introduce travelers to the arts and heritage of California's African American culture through print, Web site and television campaigns. The print promotional campaign includes the following components:

8-page insert in Travel Holiday (May 2003 – circulation: 350,000)

8-page insert Black Meetings & Tourism (May 2003 – circulation: 28,000)

Direct Mail to targeted American Express cardholders (May 2003 – 5,000)

4-page insert in Travel & Leisure (February 2004 – circulation: 250,000)

4-page insert in Black Meetings & Tourism (February 2004 – circulation: 28,000)

The newly redeveloped Culture California website, www.culturecalifornia.com, offers visitors a free online source for posting and viewing cultural events and activities throughout the state. The site also offers an in-depth look at not

only the Latino heritage, but now also California's African American heritage.

The "Best of California" television series aired a half-hour episode showcasing California's African American culture in early June. This campaign, coupled with collaborative public relations efforts around Juneteenth 2003 events, proved a huge success in promoting California's diverse African American heritage.



Go to www.culturecalifornia.com to learn more about California's rich cultural history and opportunities.

The California Cultural Tourism Coalition is made up of a partnership between California Tourism; the California Arts Council; California State Parks; the Convention and Visitors Bureaus of San Francisco, Los Angeles, Sacramento and San Diego; the Sacramento Metropolitan Arts Commission; the City of San Diego Commission for Arts & Culture; San Francisco Grants for the Arts; and the Los Angeles County Arts Commission.

You too can become a member of this highly motivated group by contacting Susan Wilcox at (916) 444-0430 or swilcox@cttc1.com. ★

California Recreation

Tourism's dedicated outdoor recreation program is moving quickly as well, having launched its own Web site, www.californiarecreation.com, in February. Under continued development, the site has quickly gained the attention of the recreation industry and is receiving favorable reviews. The site provides links and detailed information on an exhaustive database of outdoor recreation options in the state, including national parks/forest service lands, state parks, outfitters/guides, locals' favorites, campground listings and more.

A marketing council comprised of destination marketing representatives, national and state park officials, outfitters, and operators directs California Recreation. The group is currently finalizing a marketing plan for the program and hopes to produce a guide for 2004. Partnership opportunities are available for the Web site and the planned guide.

For more information, please contact Terry Selk at (916) 322-0971 or tselk@cttc1.com. ★

California Tourism Publications

Keep Rolling Along



California Tourism and Sunset Publishing Corporation are “on the road again” with the new *Best of California Drives*.

Sunset Publishing Corporation and California Tourism collaborated on this new annual publication, created to influence and inspire today's drive market.

The 36-page, full-color publication features appealing excursions around the Golden State and includes day, weekend and weeklong itineraries. Compelling photographs and richly detailed maps will keep the driving public on the road in California. A driving tour essential, the guide's handy 7" x 10" size, will ensure its place in every traveler's vehicle.

California's Driving Tours will take visitors to regions abundant in pioneer history; rushing rivers and

magnificent mountains; towering redwoods and diverse wildlife habitats; fertile valleys and rolling vineyards; breathtaking coastal vistas and remarkable desert expanses.

A detachable special insert, *California Drives* was received in mid-June by 850,000 California, Nevada and Arizona readers in the July 2003 issue of *Sunset* magazine. An additional 150,000 copies are being distributed through the California Tourism fulfillment program, California Welcome Centers, California State Parks, Chrysler dealerships, and California convention and visitors bureaus and chambers of commerce.

Production on the *California 2004 Official State Visitor's Guide and Travel Planner* is well underway. The stories of five notable “Faces of California” will include everything from RVing and Airstream parts to Delta dining and a legendary ski instructor. New for 2004, “California's Top Ten” will feature, among others, a little wining and dining, some romance and shopping, and a few of California's quirkiest attractions. Revised regional maps, new photography, updated region resources, and hundreds of interesting editorial tidbits make the guide a requisite travel tool for visitors to and from California. The guide will include a full-size state map and California Fun Spots Card.

Advertising revenues underwrite the cost of all publications. For questions regarding advertising, please contact: California Travel & Tourism

Publications, 950 South Coast Drive, Suite #290, Costa Mesa, CA 92626, telephone (714) 424-1989.

Due to large budget cuts and staffing issues, *California Celebrations* and the (student) *Fun Facts Map* will not be produced in 2004. Instead visitors bureaus and chambers of commerce will be notified as to how they can submit events electronically for publishing in our online events Web site. The student map will be distributed until current inventories are depleted. Unless budget issues are dramatically amended, there are no plans to reproduce this publication.

California Tourism publications are available by calling (800) 862-2543 or by ordering online at www.visitcalifornia.com. ★

To “D” Or Not To “D”

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again, and consumers increasingly fancy themselves as deal makers.

Demand for travel services (and the willingness to pay higher rates for some) from both business and leisure travelers will undoubtedly improve in the months ahead barring any other unforeseen tragedy or military crisis elsewhere in the world, yet the speed of the recovery will be governed by the performance of the economy and corresponding shifts of consumer sentiment. This means that many travel service suppliers, hotel and resorts included, are likely to find they still have more available rooms than the market will absorb. And this situation, in turn, leads most operators to a fundamental question about their marketing strategy: to “D” or not to “D?”

Discounting is a sword that cuts both ways. On one hand, there is some empirical evidence (check out the article recently published by the Cornell University Center For Hospitality Research) that discounting stimulates little new demand and leads to only one outcome with certainty: it dilutes revenue. There is, however,

considerable anecdotal evidence that discounting can, in fact, drive incremental revenue if directed to the demand-elastic segment of the market (leisure travelers) and is practiced judiciously in a buyers’ market (arguably where the industry still finds itself today). The trick is to apply the technique only when there is a high probability that a reduction in the price(s) charged will, in fact, yield an increase in the total revenue realized from the number of room nights sold. Naturally, the equation assumes that the total number of room nights will have to increase because of the lower average rate per occupied room.

The calculation is a relatively simple one. The tough part is applying good judgment when interpreting the results of the math. Rather than assume that more reservations will come flowing in just because you’re offering a better deal, take the time to evaluate how many additional room nights you will have to sell at the lower rate(s) to achieve the same gross revenue you would realize if you didn’t discount (admittedly, a tough call in a flat market). You may decide

that it’s a good bet and go for it. Then again, the gap may be too great to fill based on historical precedent, not to mention the potential impact of promotional programs mounted by aggressive competitors!

Alas, to “D” or not to “D” is a complex question. Yes, it can dilute revenue quickly if it fails to drive incremental demand (more likely for properties that cater primarily to business travelers). But, it can also persuade people to take a trip they otherwise would not if the offer is sufficiently attractive. We now have empirical evidence to suggest the latter is true: fully 61% of 2,800 travelers we polled during the last week of March (after the commencement of the war in Iraq) said that such discounts would get them to take a trip they otherwise planned to cancel. Whether or not the expected net gain in revenue is realistic, based on the additional room nights required, is something you must decide. And that, as the proverbial expression goes, is the question! ★

Tourism Loses a Friend and Leader



George D. Kirkland

George D. Kirkland, longtime leader of LA INC. The Convention and Visitors Bureau, passed away on June 11 after a lengthy illness. He was 60 years old.

Mr. Kirkland was a tourism visionary whose influence reached far beyond Los Angeles. Statewide, he played an integral role in the establishment of the California Travel and Tourism Commission (CTTC) and served as an original Commissioner, appointed by former Governor Pete Wilson to represent the Los Angeles County region. Prior to that, George Kirkland was appointed by then Governor George Deukmejian to the California Tourism Commission, which was formed after passage of the California Tourism Policy Act in 1985. In 1998, Mr. Kirkland was inducted into the California Tourism Hall of Fame.

Nationally, Mr. Kirkland was chair of the Travel Industry Association of America (TIA) from 1998-1999, and also served as chairman of the American Society of Association Executives (ASAE) from 1999-2000. He was inducted into the TIA’s Hall of Leaders and the Convention Industry Council’s Hall of Leaders.

Prior to his tenure at LA INC., Mr. Kirkland served as president of the convention and visitors bureaus of Greater Miami, San Francisco and Kansas City. He also worked for both the Hawaii and Anaheim Convention and Visitors Bureaus.

George Kirkland is survived by his wife, Frances Kirkland; a son, George Kirkland, Jr.; a daughter, Kathleen Kirkland Craig; and three grandchildren. ★

Santa Rosa Home to Newest California Welcome Center

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The Historic Railroad Square was added to the National Register of Historic Places in 1979.

The center provides many services and information for visitors, including the guidance of experienced travel counselors, local, regional and statewide collateral materials, California souvenir merchandise, lodging reservations, restrooms, telephones and Internet connection. Expected to assist more than 3,000 visitors a month, the new CWC is operated by the Santa Rosa Convention & Visitor Bureau, and serves as California’s eleventh official



Jennifer Carusa

tourist information center. The other ten locations are in Arcata, Anderson, Auburn, Barstow, Los Angeles, Merced, Oceanside, San Francisco, Santa Ana and Yucca Valley.

For further information about the California Welcome Centers, visit the new CWC Web site at www.visitcwc.com. ★



The latest news from California Tourism's travel trade and public relations representatives in Australia, Brazil, Germany, Japan and the United Kingdom.

Australia

Australia representative Leeanne Dyer confirms the industry's suspicions about the effects of the war in Iraq and SARS on outbound travel. The Australian Bureau of Statistics advised that short-term departures from Australia in March were down 12 percent over the same month last year. The figure of 271,800 travelers represents the second biggest decline in 27 years, beaten only by a 1991 Gulf War slump. The arrivals picture is just as bleak. Preliminary figures for April show arrivals down 11 percent, which represents the lowest monthly visitor arrival figure for 5 years.

There is growing optimism that the outbound slump on long-haul routes has bottomed. Concorde International Travel, Australia's largest air ticket consolidator, advises that there are encouraging signs on volumes to the U.S. and Europe. Internet agent www.travel.com.au is also seeing good business to the U.S. and Europe. United Airlines has re-instated all their flights, now operating weekly flights from Sydney to Los Angeles and from Sydney to San Francisco. Qantas Airways has increased their flights to the U.S. to 28 per week, with 30 expected by the beginning of August.

Brazil

Our Brazil representative, Newton Vieira, reports that Brazil's economy declined 0.1 percent in the first quarter of 2003 from the last three months of 2002, but it grew 2 percent in comparison with the same quarter of the previous year. The agribusiness sector was the main bright spot, recording 3.7 percent growth. International agencies are forecasting annual growth of 2.5 percent to 2.7 percent this year for Brazil. The

current administration has stabilized the currency and curbed inflation, and national accounts are being bolstered by a growing trade surplus. The central bank announced that the country's public sector had posted a primary budget surplus of 9.85 billion reais (\$3.32 billion) in April, the highest ever for a single month.

Brazil and the United States are negotiating to forge a free trade area in the region by 2005. Success is far from certain since Brazil is less than willing to open some of its own markets to foreign competition. Concessions on both sides will be in Latin America's best interest.

Germany, Switzerland & Austria

According to representative Martin Walter, German travelers took 1.3 holiday trips on average in 2002. Given current travel conditions, the key numbers for 2002 seem surprisingly stable. Only under the most extreme circumstances do Germans sacrifice their holidays.

Germany's Federal Statistical Office reports that from January to March 2003, the total number of air passengers departing German airports increased by about 1 million travelers (+5.4 percent from the corresponding period of 2002).

German PR representative, Birgitt Mainz, reports 546 media contacts from March through May. Highlights include organization of a media luncheon at the ITB travel trade show in Berlin; coordination of *Abenteuer und Reisen's* December 2003 special issue devoted to California; a press trip for "Wolkenlos" TV show, a 45-minute dream destination travel; and several individual press trips. Publicity value for the three-month period totaled \$1.8 million.

Japan

Representative Ko Ueno reports that overseas travel sales in April were down by 45.5 percent over the previous year. SARS and the war in Iraq are thought to be the major causes. Only October and November 2001 (post-9/11) posted worse records.

At its monthly meeting on June 23, Japanese Tour Operators Association (Agent-Kai) revealed that their first quarter (April-June) California and West Coast packages were down by 50 percent, groups were down by 40 percent, and individuals remained stable in comparison with last year. Weekly booking forecasts showed sharp increases for the second quarter (July-September).

Yoshihiro Fuji, Tokyo PR representative, says that overall bookings for travel overseas during April and May fell by 36.9 and 49.9 percent, respectively, due to a "quadruple hit": the war in Iraq, SARS, an economic recession and a bad sequence of Golden Week (national holidays from late April to early May 2003 fell primarily on weekends). With hostilities in Iraq decreasing and SARS under control, major travel agents expect tourists will resume plans for summer vacations. Media embargos on staff trips abroad have been lifted and editorial plans to feature overseas tourism have resumed. From March through May, Youth Planning Center handled 164 media contacts. The value of publicity generated in the three-month period totaled \$753,550.

United Kingdom

From London, public relations representative Phil Bloomfield reports that the UK travel industry adopted a "wait and see" strategy in

reaction to the onset of war in Iraq and the SARS outbreak. Bookings to the Middle East and other areas perceived as "sensitive" (including parts of the USA) fell by up to 15 percent. However, massive promotional initiatives launched as the campaign reached its conclusion helped to "bump start" the market. British Airways slashed transatlantic flight prices by up to 60 percent and Caribbean holidays were discounted by over half. *The Daily Telegraph* reported that "price is overcoming fear," and tour operators banking on pent-up demand together with the British eye for a bargain are leading to a post-war rush of bookings. Initial indicators seem to bear this out with healthy bookings expected for this summer.

From March through May, First Public Relations made over 125 media contacts, and generated close to \$1 million of coverage for California Tourism. Major activities included the execution of a "Northern California by Motorhome" group press trip to the Gold Country and Shasta Cascade; airing of California films on *RTE1* (Ireland) and *GMTV* (UK); initiation of major TV projects for the next fiscal year, including a California wildlife/outdoor special on *BBC2*; and a potential motorhome tour of Southern California with *BBC Holiday*. A cross-section of the UK travel industry chose California Tourism as the "Best Tourist Board" in the annual *Selling Long Haul Magazine* awards. ★



Pow Wow 2003

California Tourism attended Pow Wow 2003, May 17-21, hosted by St. Louis. For the first time the show included domestic operators and all appointments were booked online. The impact of weakened global economies, the falling dollar and the war in Iraq significantly impacted the show. A major decrease in buyer attendance was noticeable, but many suppliers were encouraged by the quality of their appointments, and many reported signing contracts on the floor. The California travel industry was well represented by some 200 companies, but this was, roughly, a 20 percent decrease from previous years.

Each of its overseas offices, as well as several of the Sacramento staff, represented California Tourism. Tour operator discussions were productive with those from Germany and the UK indicating strong growth over fourth quarter 2002 vs. first quarter 2003. The strength of the Euro seems to have enticed Germans to once again visit the U.S. Some operators indicated anywhere from 35-150 percent growth over 2001 in the German market. It would appear that the weakening U.S. dollar against foreign currencies (specifically against the Euro, Canadian and Australian dollars, and to some extent the British pound) has overshadowed the security issues surrounding our nation.

Pow Wow 2004 will be held in Los Angeles, while New York City will host the event in 2005.

Pre-Pow Wow Golf Familiarization Tour (FAM)

Tourism hosted managing directors of three UK tour operators on a Northern California Golf FAM, May 12-17. Wanting to showcase the diversity of California's golf product, the FAM included Sonoma County, North Lake Tahoe and Sacramento. The directors were impressed by the variety of golf options, as well as the destinations. All three operators gave verbal commitments to include the visited destinations in their 2004 tariffs. Plans are underway to make this FAM an annual Pow Wow event and to expand the countries represented.

World Travel Market

In response to industry feedback, as well as the current state of economy impacting much of California's travel industry, several changes regarding Tourism's stand presence at World Travel Market will be implemented for 2003. The stand will take on a refreshed appearance to reflect a viticulture theme with more than 48 of the state's counties producing wine. Also, the long-standing and highly desired tour operator event at the British Association of Television Arts will continue with some subtle, more interactive changes. For the third consecutive year, the registration fees for the first and second delegate will be reduced.

The UK market continues to be California's number one European market, and has been very resilient despite all of the economic and military struggles. West Coast bookings are up and tour operators are very encouraged by this trend. Space at WTM will be very limited this year, so don't delay and make your reservation soon! Join us in November in London.

Gallo/France Promotion

Tourism has partnered with Gallo Wines of Sonoma branch in France as part of an extended promotion to highlight California's winemaking regions. The end-of-aisle-displays, in more than 300 grocery stores and gas stations throughout France, showcase Gallo products. The promotion entices shoppers to enter a sweepstakes to win one of three trips to the Golden State with transportation provided by United Airlines and



Alamo Rent-A-Car. Each trip includes seven nights accommodations, car rental, roundtrip air for two and VIP winery visits in each area. The promotion and sweepstakes prominently feature Sonoma/Napa/Mendocino, Central Coast and the Sacramento/Amador/Lodi regions. Each partner's Web site is promoted on the entry forms and collateral with entry details made available to them post sweepstakes. The promotion runs through December 2003. ★



As the summer travel season began, the number of tourism information packets sent out domestically grew stronger from the previous quarter, while the international mailing remained even. Numbers below highlight program activities from March through May 2003.

Calls to toll free telephone number	14,143
Packets ordered on Web site	25,680
Packets sent from fulfillment house:	
Domestic	45,133
Canadian	1,331
International	3,547
Trade	698
Student	4,490
Informational calls to California Tourism	1,258
Packets sent from California Tourism	127
E-mails to CalTour@commerce.ca.gov	1,534
Assessment calls	1,354
International contacts	
Australia (Consumer & Trade)	183
Brazil (Consumer & Trade)	1,212
Germany (Consumer & Trade)	1,523
Japan (Consumer & Trade)	721
UK (Consumer & Trade)	703
Division of Tourism (Trade)	1,721
Research	
Contacts	89
Reports mailed	125
Media Relations inquiries	
California Tourism office	213
All overseas offices	821
Press room of Web site – visitation	5,876
California Welcome Centers (walk-ins)*	
CWC, Anderson	7,723
CWC, Arcata	2,975
CWC, Auburn	1,706
CWC, Barstow	24,265
CWC, Los Angeles	5,764
CWC, Merced	11,474
CWC, Oceanside	17,228
CWC, Rohnert Park	1,824**
CWC, San Francisco	82,118
CWC, Santa Ana	15,978
CWC, Yucca Valley	6,580

* Since May 2003, the California Welcome Centers are including the number of walk-ins as well as their additional contacts (phone calls, e-mails, mail or fax contacts).

** California Welcome Center in Rohnert Park closed down on May 9. The number of walk-ins reflects the period of March through May 9, 2003.



San Bernardino C&VB Recognized for Excellence

The Public Relations Society of America's Inland Empire Chapter awarded a Polaris Award to the San Bernardino Convention and Visitors Bureau and the Stater Bros. Route 66 Rendezvous® in the external Web site category. Two additional Polaris Awards were presented to the Stater Bros. Route 66 Rendezvous in the media relations and press kit categories. The Visitors Bureau and Route 66 Rendezvous were also recipients of three Communicator Awards, an international awards competition that recognizes outstanding work in the communications field.



PIER 39

PIER 39 Marks Silver Anniversary

PIER 39, San Francisco's premier festival marketplace, is celebrating 25 years on the waterfront near Fisherman's Wharf. Millions of visitors annually experience the specialty shopping, dining and endless entertainment available at PIER 39. A special 25th anniversary celebration will be hosted by PIER 39 on October 4. For more information, call (415) 705-5500 or visit www.pier39.com.

Squaw Valley Garners National Safety Award

Squaw Valley USA was recently named one of eight winners of the National Ski Areas Association's 2002-2003 National Ski Area Safety Contest. The annual awards are given to ski areas that use innovative marketing programs to promote slope safety during National Safety Awareness Week in January.

Nathan Kendall/Squaw Valley Ski Corp.



CTTC Plays Key Role In Global Summit

The Second Global Summit on Peace Through Tourism was held in Geneva, Switzerland, this past February. Organized by the International Institute for Peace Through Tourism, in partnership with the World Travel and Tourism Council, the meeting was convened to discuss the economic fallout of war, the connections between poverty and peace, and what both travel companies and individuals working in the tourism industry can do to make the world a better place. Key participants at this year's Summit were CTTC Commissioners Anastasia Mann and John Marks, who were keynote speakers, and Bob Roberts, who participated on "The Role of Sports in Peace and Development" panel.



(Left to Right): John Marks, CTTC Commissioner and President and CEO of the San Francisco Convention and Visitors Bureau; Anastasia Mann, CTTC Commissioner and Chairman and CEO of The Corniche Group; and Bob Roberts, CTTC Commissioner and Executive Director of the California Ski Industry Association, at the Global Summit on Peace Through Tourism in Geneva, Switzerland.

CLIA Web Site Rated Excellent

The California Lodging Industry Association (CLIA) is the recipient of the *Golden State Award for Communications Excellence* as awarded by the California Society of Association Executives (CalSAE). The honor is in recognition of CLIA's new industry Web site www.clia.org. Rick Lawrance, President & CEO, CLIA, and Joe Lish, Information Technology Administrator, CLIA, accepted the award during ceremonies last month.



CalSAE

(Left to Right) Joe Lish, CLIA Information Technology Administrator; Rick Lawrance, CLIA President/CEO; both accepting the award on behalf of CLIA from Erica Thompson, CalSAE Director of Education.

Santa Barbara Property Gives Million Dollar Performance

Hilton Hotels Corporation has recognized their employees at Fess Parker's Doubletree Resort in Santa Barbara as earning top honors in the company's 2002 "\$Million Go for the Green" Award. Fess Parker's Doubletree Resort is one of only four Doubletree properties nationwide so honored.

(Left to Right): Squaw Valley Freeride Team Members Jeremy Jones, Jeff McKitterick, Aaron McGovern, Squaw Valley's Becky Moore, Tom Wayes, Shawn Sullivan and Jessica Sobolowski turned out during Safety Week to hand out their Safety Trading Cards and help educate guests about the importance of being safe on their favorite mountain.



Highlights of Post 9-11 International Travel Impacts

By Pamela Jaffe,
Senior Research Analyst, CIC Research, Inc.

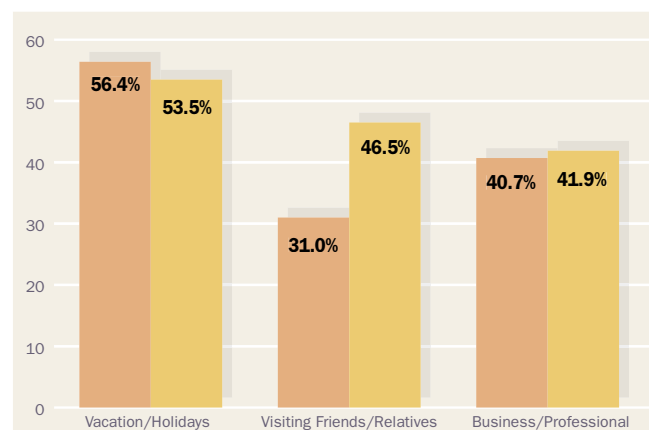
California Tourism has released a study on international travel highlights post 9-11 that was prepared by CIC Research, Inc. Featured in the *Market Profile of Overseas Visitors to California 2001* report was a comparison of results from the fourth quarter of 2000 with those from the fourth quarter 2001. Many differences were evident and appear consistent with the post 9-11 travel environment. However, the most important impact was the tremendous drop in the number of visitors traveling to the U.S. (-41%) and California (-47%) in

the fourth quarter of 2001 compared with the prior year.

One of the most notable changes from the fourth quarter 2000 to the fourth quarter of 2001 was the significant increase in travelers who were visiting friends and relatives (31% to 47%) and, as a result, who made greater use of private homes (24% to 38%). This change resulted in a significant increase in the average length of stay of visitors from the fourth quarter 2000 to the fourth quarter 2001 (from

continued on page 12

Purpose of Trip*
4th Qtr 2000 vs. 4th Qtr 2001

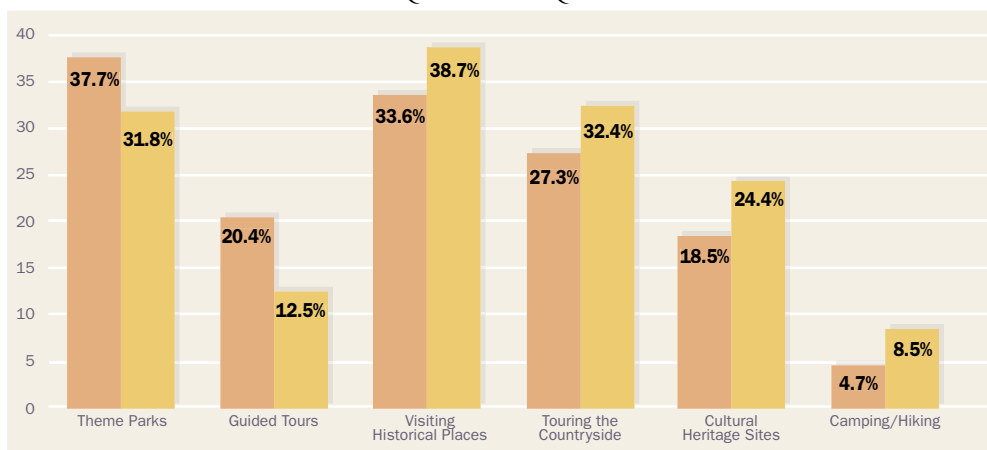


Graph Key

4th Qtr 2000
4th Qtr 2001

* Multiple response

Leisure/Recreation Activities*
4th Qtr 2000 vs. 4th Qtr 2001



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Highlights of Post 9-11 International Travel Impacts

continued from page 11

18 nights to 23 nights respectively in the U.S. and from 10 nights to 12 nights respectively in California). From the fourth quarter 2000 to the fourth quarter 2001, there was an increase in travelers who were visiting for business/professional reasons (41% to 42%) and a decrease in travelers on vacation/holiday (56% to 54%).

Use of a travel agent for both air and lodging reservations was lower amongst visitors surveyed during the fourth quarter 2001 compared with those surveyed during the prior year. As a result, from the fourth quarter 2000 to the fourth quarter 2001, trip information sources include an increase in the use of a personal computer (from 18% to 27%), friends and relatives (14% to 17%), as well as in the use of a tour company (7% to 11%). However, use of package tours decreased significantly from the fourth quarter 2000 to the fourth quarter 2001 (from 17% to 9%), indicating a tendency toward independent travel.

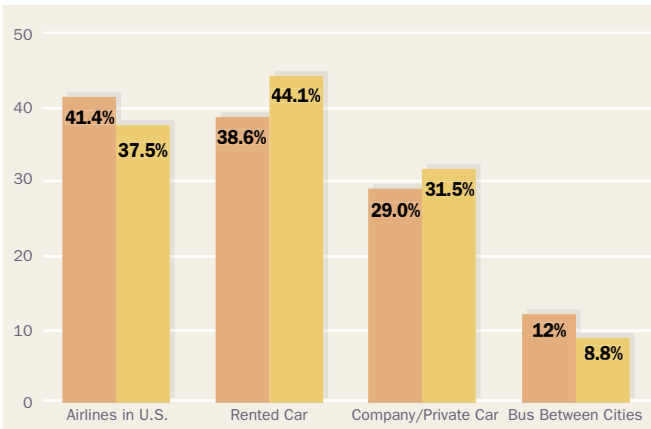
The proportion of travelers who indicated that California was their main destination decreased from the fourth quarter 2000 to 2001 (74% to 71%). While in California, there was a decrease in the following leisure/recreation activities amongst visitors from the fourth quarter 2000 to the fourth quarter 2001: guided tours (from 20% to 13%), as well as

amusement/theme parks (from 38% to 32%). There was also a corresponding increase in the leisure/recreation activities of touring the countryside (from 27% to 32%), visiting historical places (34% to 39%), visiting cultural heritage sites (19% to 24%), as well as camping/hiking (from 5% to 9%). This shift from high density to low density population areas was in keeping with a desire for a perceived safer travel environment.

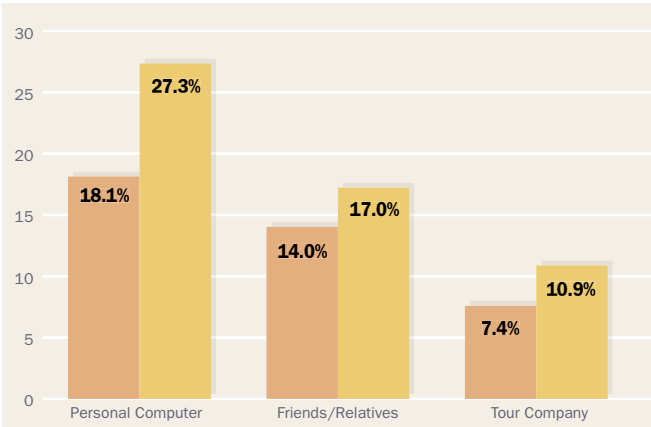
From the fourth quarter 2000 to the fourth quarter 2001, there was a lower proportion of visitors who made use of airlines (41% vs. 38%), as well as busses between cities (12% vs. 9%), as a means of transportation while in the U.S. On the other hand, a higher proportion made use of a rented car (39% vs. 44%), as well as a company or private car (29% vs. 32%), reflecting the proportionate increase in business travel and visiting friends and relatives, while leisure vacation travel decreased.

While total trip expenditure increased from \$3,628 in fourth quarter 2000 to \$3,773 in 2001, most of this increase was driven by the significant increase in length of stay rather than a higher average daily spending. The average income of visitors decreased from the fourth quarter 2000 (\$80,900) to the fourth quarter 2001 (\$78,400). ★

Transportation in the U.S.*
4th Qtr 2000 vs. 4th Qtr 2001



U.S. Trip Information Sources*
4th Qtr 2000 vs. 4th Qtr 2001



Graph Key
4th Qtr 2000
4th Qtr 2001
* Multiple response

Did you know...

that for California’s 20 least urbanized counties, over 40 percent of all local sales tax receipts (including transient lodging taxes) are generated from travel-related sales?

Source: The Economic Significance of the California Travel Industry, Dean Runyan Associates

California Welcome Centers (CWC)
Percent Change in Number of Visitors

	May-03	May-02	% chg.	YTD '03	YTD '02	% chg.
CWC, Anderson	2,453	3,215	-23.7%	11,756	12,632	-6.9%
CWC, Arcata	1,176	1,455	-19.2%	4,194	4,645	-9.7%
CWC, Auburn*	674	n/a	n/a	2,625	n/a	n/a
CWC, Barstow	6,219	7,304	-14.9%	38,555	26,205	47.1%
CWC, Los Angeles	1,916	6,219	-69.2%	8,538	18,966	-55.0%
CWC, Merced	4,008	2,462	62.8%	18,147	11,746	54.5%
CWC, Oceanside	6,336	5,569	13.8%	24,449	26,227	-6.8%
CWC, PIER 39	27,613	29,708	-7.1%	123,999	121,489	2.1%
CWC, Santa Ana**	5,172	5,127	0.9%	25,765	26,060	-1.1%
CWC, Yucca Valley***	2,385	1,501	58.9%	9,870	4,296	129.7%

* = opened September 2002 ** = opened November 29, 2001 *** = opened May 2, 2002

Sources: Calif. Welcome Center, Anderson; Calif. Welcome Center, Arcata; Calif. Welcome Center, Auburn; Calif. Welcome Center, Barstow; Calif. Welcome Center, Beverley Center; Calif. Welcome Center, Merced; Calif. Welcome Center, Oceanside; Calif. Welcome Center, PIER 39; Calif. Welcome Center, Santa Ana; Calif. Welcome Center, Yucca Valley.



Research Round-up

Travel Industry Association of America

2003 International Arrivals Data

January/February 2003 & year-to-date figures show that total monthly arrivals have increased by two percent for the first two months of 2003. This positive report was primarily attributable to a strong January (up 5%) to counter a weak February (down 2%). In 2002, the country

posted double digit declines for January and February.

Summer 2003 Travel Forecast

According to TIA's Summer 2003 forecast, the season will start off slow but will gain momentum, with Americans expected to take 275.4 million leisure person-trips during June, July and August 2003, an increase of 2.5 percent over last summer. A person-trip is one person on one trip traveling 50 miles or more

from home, one way. Survey results are based on a representative sample of 1,000 U.S. adult travelers interviewed by telephone.

For further information, contact *Travel Industry Association of America (TIA)* – 1100 New York, NW, Suite 450, Washington, D.C. 20005-3934. Web site: www.tia.org, Tel: (202) 408-8422, Fax: (202) 408-1255.

Community Marketing Inc & Travel Alternatives Group

8th Annual Gay & Lesbian Travel Survey

Online survey results continue to confirm above-average income, education, internet use, and propensity to travel.

Ordering: An Executive Summary is available at www.mark8ing.com/research. Copies of the full report (\$350) may be ordered online or by e-mail to roth@mark8ing.com.

PKF Consulting

2003 Trends in the Hotel Industry

Hotel revenue, expense, and profit data for the year 2002 are now available for immediate downloading at www.pkfonline.com. Financial performance data is presented for five hotel categories: full-service, limited-service, all-suite, convention hotels, and resorts. Statistics are shown as a percent of revenue and on a dollar per-available-room basis.

Ordering: The 2003 e-HotelTrends may be ordered online. A 130+ page bound copy of the 2003 Trends report (with topical essays and city reports) will be available in hard copy later this summer. Cost: \$295.00.

Conferences & Workshops

Managing Tourism in the Global Economy

Hosted jointly by the School of Applied Economics and the School of Hospitality, Tourism & Marketing, Victoria University, Melbourne Australia, on December 1-4, 2003, with themes to include: econometric modeling, tourism taxation, economics of tourism promotion, sustainability and economic development.

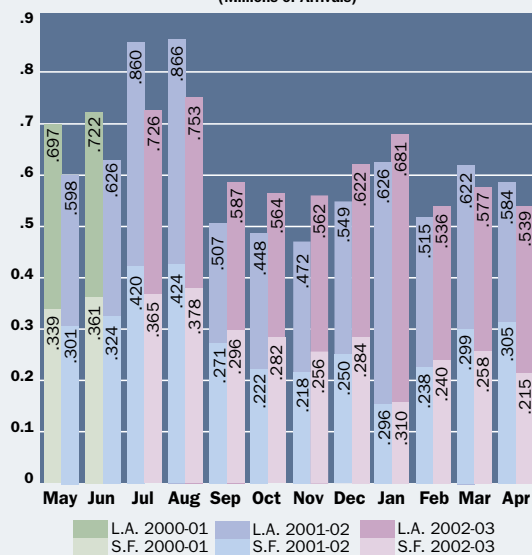
Registration information: www.business.vu.edu.au/ictc, e-mail ICTCConference@vu.edu.au.



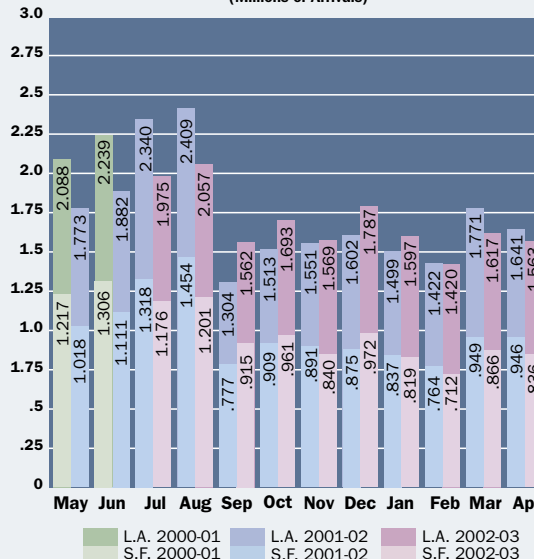
Airport Arrivals

Sources: City of Los Angeles Dept. of Airports; SFO Bureau of Communications; San Diego Unified Port District Airport Operations Dept.; Oakland Airport Finance Office; Airport Finance and Administration, City of San Jose.

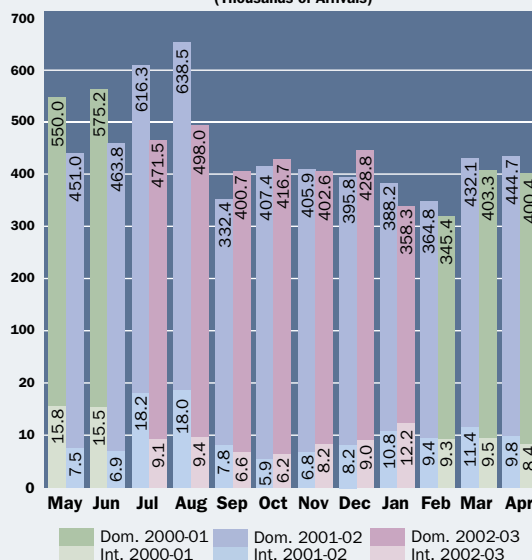
**International Air Arrivals
Los Angeles - San Francisco**
(Millions of Arrivals)



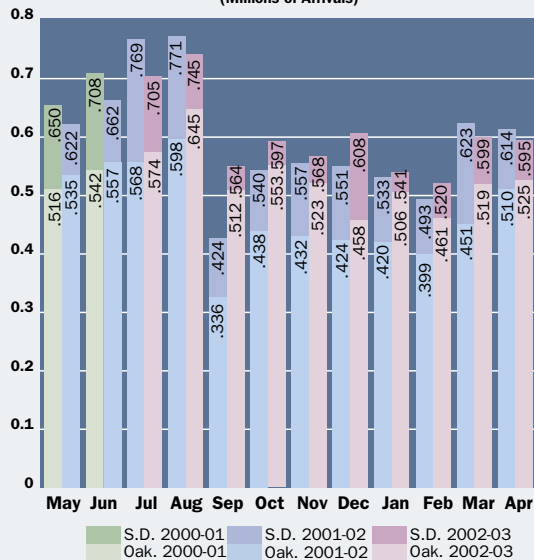
**Domestic Air Arrivals
Los Angeles - San Francisco**
(Millions of Arrivals)



**Domestic/International Air Arrivals
San Jose**
(Thousands of Arrivals)



**Domestic Air Arrivals
San Diego - Oakland**
(Millions of Arrivals)



A New Approach to Measuring Travel and Tourism

By Bill Klein and Dean Runyan
Dean Runyan Associates

For decades the travel industry has been described in terms of visitor spending, plus the jobs and tax receipts that this spending generates. In California, visitors spent more than \$75 billion in 2002, generating more than one million jobs and \$4.7 billion in state and local taxes, placing it among the state's largest industries. To be more specific, and to properly compare and rank travel and tourism with other industries requires that they are quantified in similar ways. A new report proposes an approach that would make this possible for the first time.

Gross State Product

The ideal economic measure of an industry at the state level is its Gross State Product (GSP), sometimes referred to as *value-added*. GSP is the market value of the goods and services produced by the labor and property located in a state. It includes the compensation paid to employees, tax payments to government, profits, dividends, and other uses of revenue by businesses. GSP is a more comprehensive and meaningful measure of an industry's output than is sales, employment, or tax payments. And since every industry has a GSP that is defined in a comparable manner, using GSP allows us to compare industries.

Visitor Industry Gross State Product

Visitor spending is directly related to the sales of travel industry businesses. However, the GSP of these businesses will always be somewhat less than their sales. This is because the direct GSP represents only the economic production of those businesses that sold goods and services to visitors.

All intermediate inputs are excluded. Of California's \$75.8 billion in travel industry sales, an estimated \$26.9 billion represents goods purchased from out-of-state businesses, and \$13.1 billion is generated from goods purchased from other California businesses. These are not part of direct GSP. The remainder of travel industry sales (\$37.8 billion) is the *direct* GSP of the industry.

Export-Oriented Industries

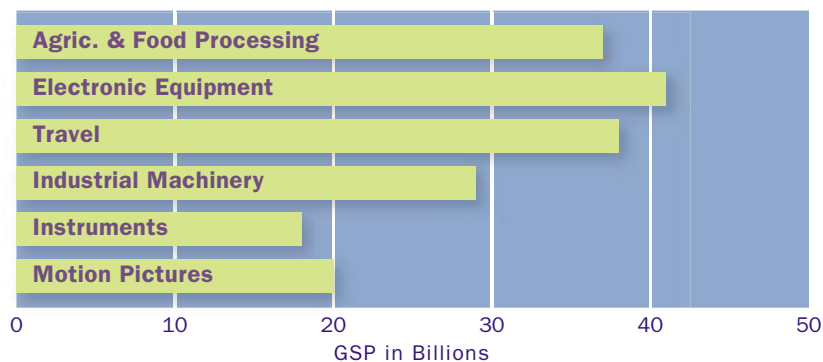
The most useful comparisons for the travel industry are with other export-oriented industries in California, i.e., primarily oriented to selling their products outside of the local or regional economy in which they operate. In California, some of the leading export-oriented industries aside from travel are agriculture, motion picture production, computer software, and advanced technology manufacturing industries. Their main source of revenue is generated from sales to non-resident businesses and households. Of course, the travel industry generates income from visitors, while the others sell their products and services beyond local market areas.

Industry Comparisons

The industries appearing in the chart represent some of the major export-oriented industries in the state.

When we compare the travel industry to other leading export-oriented industries in the state in terms of GSP, we see that it ranks among the largest. **Indeed, for regions of the state that include little or no major manufacturing or agricultural production, the travel industry is likely to be the primary export-oriented industry.** This position

Gross State Product of Selected Export Industries in California, 2002



Source: Dean Runyan Associates and Minnesota Implan Group

underscores the importance of the travel industry as a mechanism of economic development and public policy.

What Number to Use

The GSP figure (\$37.8 billion in 2002), which is available only for the state as a whole, is particularly useful for making comparisons with other industries in the state, for comparing the California travel industry with other industries nationally, and for being sure that the industry is correctly represented in the many economic summaries of the California economy.

Sales figures (\$75.8 billion) will remain particularly useful because they are available at the county level, and, under some circumstances, for

individual municipalities, and can be broken out by type of traveler, by type of travel industry business, and in other ways as well. These figures are used widely in California, as they are in other states, to represent the economic significance of the travel industry at the local and regional level and to provide the readily available data needed by the wide variety of industry, government and individual entities that need it.

The full report, The Economic Significance of the California Travel Industry (July 2003), was prepared by Dean Runyan Associates for California Tourism, and also discusses Small Business, Rural Economic Development, the U.S. Travel and Tourism Satellite Accounts, and Secondary Impacts.

Defining moment:

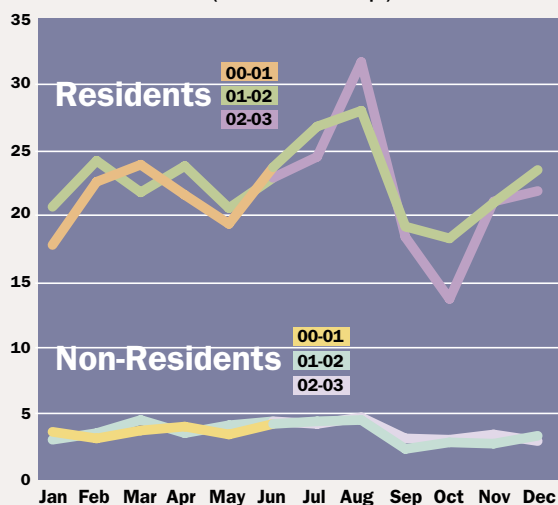
Travel Industry Gross State Product: Better measure of economic output than expenditures when comparing with other industries. Similar in concept to "value added," that is, gross output (sales or receipts) minus intermediate inputs (goods and services purchased from other industries).



Lodging Report

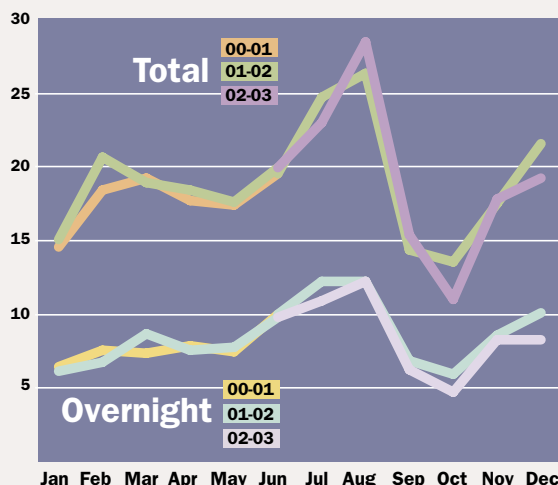
Domestic Travel To And Through California

(Millions of Person Trips)



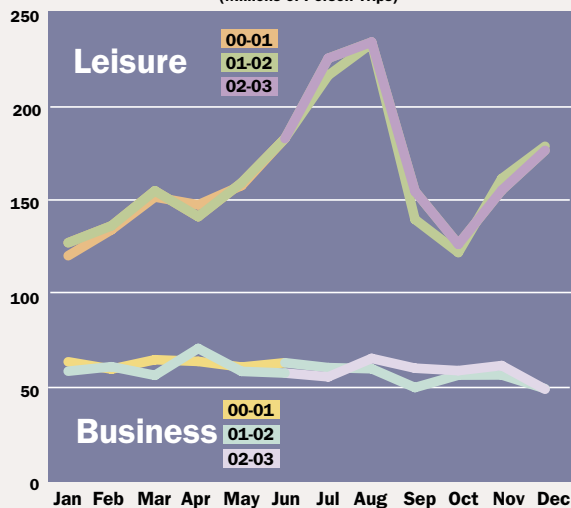
Domestic Leisure Travel To And Through California

(Millions of Person Trips)



Domestic Travel To And Through the U.S.

(Millions of Person Trips)



Source: D.K. Shifflet & Associates

Location	Month of January		January Year to Date	
	Occupancy % change 2002:2003	Avg. Room Rate 2002:2003	Occupancy % change 2002:2003	Avg. Room Rate 2002:2003
United States	-0.5%	-0.9%	-1.9%	-0.8%
Pacific	-1.6%	-0.7%	-1.3%	-0.5%
California	-2.0%	-1.7%	-1.9%	-1.5%
California North	-6.2%	2.0%	-6.9%	1.6%
California North Area	-1.1%	2.0%	-3.4%	1.2%
California North/Central	7.0%	2.5%	5.1%	2.5%
California South/Central	-0.6%	1.0%	0.7%	2.7%
Anaheim-Santa Ana	-2.0%	0.0%	0.0%	-1.2%
Bakersfield	-4.5%	1.6%	0.2%	1.9%
Eureka/Crescent City	2.7%	0.2%	-3.4%	1.2%
Fresno	7.6%	3.3%	5.2%	5.1%
Inyo/Kings/Tulare	-6.3%	-3.4%	-5.0%	0.5%
Los Angeles-Long Beach	0.3%	-1.0%	0.3%	-1.7%
Oakland	-7.2%	-6.1%	-9.8%	-5.5%
Central Coast	-6.0%	4.0%	-5.6%	0.8%
Redding/Chico	-10.9%	3.8%	-4.7%	1.7%
Riverside-San Bernardino	-0.5%	0.3%	0.1%	-1.1%
Sacramento	-4.1%	0.2%	-5.3%	0.0%
Salinas/Monterey	*			
San Diego	-0.2%	-0.2%	0.0%	3.9%
San Francisco/San Mateo	0.3%	-7.1%	-0.7%	-6.0%
San Jose-Santa Cruz	-12.2%	-11.1%	-10.0%	-10.0%
San Luis Obispo	*			
Santa Barbara/Santa Maria	*			
Santa Rosa-Petaluma	-12.1%	3.7%	-10.6%	1.6%
Stockton Area	8.1%	3.5%	6.8%	2.0%
Vallejo-Fairfield-Napa	-8.7%	1.6%	-12.6%	2.9%

*No longer broken out separately; combined into Central Coast

Source: Smith Travel Research

California Travel: Final Facts

	2002	2001	% Change
	(Millions of Person Trips)		
Total Travel To and Through CA	309.4	307.8	0.5%
Business	85.4	84.5	1.1%
Leisure	224.0	223.3	0.3%
Residents	265.3	265.7	-0.2%
Non-Residents	44.1	42.1	4.8%
Total Overnight Travel To and Through CA	133.8	139.0	-3.7%
Business	36.3	36.2	0.2%
Leisure	97.5	102.8	-5.1%
Residents	95.7	103.1	-7.2%
Non-Residents	38.2	36.0	6.1%
Per capita daily expenditures (w/o transportation)	\$85.30	\$76.60	11.4%
Average length of stay	2.0	2.1	-4.8%

Source: D.K. Shifflet & Associates, Year End 2002

Travel Statistics Q&A

What are California's highest and lowest travel months?

Tops is August, with 36.4 million domestic visitors in 2002, and October is lowest, with 16.7 million.

Source: Domestic Travel Report Year End 2002, DK Shifflet & Associates Ltd.

Got a name or address change?

Just fax any changes to us at (916) 444-0410. Please include a copy of your current mailing label with any necessary corrections.



Travel Trade Calendar

August

23 – 26 ESTO Asheville, NC

September

10 – 12 La Cumbre Miami, FL

16 – 18 Incentive Travel and Meetings Exhibition (The Motivation Show) Chicago, IL

Sept - Nov. Cultural Heritage Weekends Sacramento, San Francisco, Los Angeles & San Diego

October

5 – 6 California Rural Tourism Conference Redding

20 – 22 TIA Marketing Outlook Forum Austin, TX

22 – 26 ABAV Rio de Janeiro, Brazil

29 – 30 CTTC Meetings Lake Tahoe

November

6 – 11 Society of American Travel Writers Annual Convention Orlando, FL

INSIGHTS

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Trade and Commerce Agency
Lon Hatamiya, Secretary
Chair, California Travel and
Tourism Commission

Division of Tourism/California Travel
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